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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 003891

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SUBJECT: KMT TAIPEI MAYORAL CANDIDATE HAU STILL FACES
SIGNIFICANT HURDLES

Classified By: Director Stephen M. Young, Reason(s): 1.4 (B/D).

11. (C) Summary: While KMT Taipei mayoral candidate Hau Long-bin still appears likely to win the December 9 election, there are several unpredictable scenarios that could threaten this expectation. Hau's relaxed campaign style has stirred some discomfort among KMT supporters, giving many voters the impression that Hau feels entitled to their support. Hau's 1995 defection from the KMT to the New Party and his subsequent decision to accept a position within President Chen's DPP government have caused many Pan-Blues to question Hau's fidelity to KMT values. These perceptions could cause some Pan-Blues to stay home on election day, or to vote for competing pan-Blue candidates PFP Chairman James Soong and blue-leaning independent legislator Lee Ao. KMT officials fear Soong and Lee combined could steal 150 thousand votes away from Hau, which could hand the race to DPP opponent Frank Hsieh (Chang-ting). The recent accounting scandal involving Taipei mayor and KMT Chairman Ma Ying-jeou could also adversely affect Hau's popularity with deep-Blue and light-Green voters. All of these contingencies would have to break against Hau for him to lose, but one or two might be enough to make the race much closer in the end than current polls suggest. End Summary.

Voters Want Hau to Earn Their Votes

12. (C) KMT legislator and former KMT spokesman Justin Chou told AIT that, despite Hau Long-bin's double-digit lead in media popularity polls, the KMT could still lose the Taipei mayoral race for several reasons. First, Hau is overconfident of victory, and many Blue voters perceive him as arrogant. Chou remarked that Taipei KMT voters tend to view themselves as "kingmakers," willing and able to elevate a politician to national prominence, but only if he or she has the right academic background, appearance, and temperament. Hau comes from a well-known political family, and is attractive and well-educated, but the relaxed tone of his campaign suggests to KMT voters that Hau believes he is entitled to, and need not work for, their support. A popular axiom within the KMT is that Taipei voters will look for any excuse not to vote. Chou predicted that Hau's perceived arrogance would work to suppress KMT voter turnout.

Is Hau Blue or Green?

13. (C) Hau's second problem is that many Blue voters question his loyalty to the KMT. Hau defected from the KMT to the New Party, and then agreed to serve as President Chen's Environmental Minister. Some light-green voters may be attracted to Hau's conciliatory pragmatism, Chou conceded, but many more deep-Blue voters are put off by his "ideological flexibility" and will not vote for him. Instead, they could vote for PFP Chairman James Soong or independent deep-Blue legislator Lee Ao, or just sit out the election altogether.

Pan-Blue Competitors Threaten Hau's Margin

14. (C) Mayoral candidates Soong and Lee are a third threat to a Hau victory, Chou told AIT, because together they could lure as many as 150,000 voters away, splitting the Pan-Blue vote. No one doubts Soong's commitment to Pan-Blue values, Chou continued, and many Blue voters agree with Soong and Lee's criticism of Chairman Ma as being too soft on President Chen. According to Chou, most KMT party members preferred deep-Blue legislator Ting Shou-chung over Hau in the primary, and could vote for Soong or Lee to express their dissatisfaction with Hau's nomination. The KMT primary was decided by a combination of KMT party votes and public opinion polls, Chou explained. Hau lost the KMT vote (weighted at 30 percent), but won the public opinion contest (weighted at 70 percent). The problem, Chou continued, is that the public opinion polls used to decide the primary included Pan-Green voters, who favored Hau, but would never vote for him. The KMT can only count on Pan-Blue support to

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win, and should have chosen Ting, who appealed to a broader section of Pan-Blues and had a greater chance of success. Moreover, Chou said, Soong would not have entered the race if Ting had won the primary. (Note: Soong himself told the Director this last month. End Note.)

Don't Count DPP Out Just Yet

15. (C) Another obstacle is Hau's DPP opponent, former premier Frank Hsieh (Chang-ting). Chou predicted that Hsieh will receive at least 35-38 percent of the vote, which could put him within striking distance of winning if Pan-Blue voters split or simply fail to vote. The Pan-Blues ran two candidates in the 1998 Taipei mayoral race, Chou continued. The New Party candidate Wang Chien-hsuan garnered three percent of the vote, or just under 45 thousand ballots. Ma still managed to win, but only defeated his DPP opponent Chen Shui-bian by six points, or 78 thousand votes. (Comment: The 1994 contest is also instructive: Chen Shui-bian won with only 44 percent because the KMT and New Party candidates split the remaining 56 percent 30-26. End Comment.) If Soong can double or triple Wang's 1998 vote count, Chou argued, he could substantially reduce Hau's cushion of victory, and even hand the plurality to Hsieh. Soong's popularity has held steady at around ten percent for eight weeks. Hsieh's barrage of negative ads against Hau over the past several days could also undermine Hau's support.

Ma's Troubles Impact Hau

16. (C) The mayoral office accounting scandal vexing current Taipei mayor (and KMT Chairman) Ma Ying-jeou (reported septel) will adversely affect Hau's electoral chances, predicted Hau's deputy campaign manager, Sam Wu (Hsiu-kwang). Hau had been counting on the promise of strong finish-line endorsements from Ma to win over those deep-Blues still suspicious of his KMT bona fides. Ma's stature has been diminished by this scandal, Wu explained, and those

deep-Blues wavering in their support for Hau might be less willing to heed Ma's call to vote. Moreover, the steady drumbeat of financial scandals has intensified the polarization of Taiwan's political landscape, and has confused and further alienated less-partisan "swing" voters. Hau has billed himself as the natural successor to the "clean and competent" Ma. Ma's troubles make Hau's claim less convincing. Wu feared that many of the light-Green swing voters who might have been attracted to Hau because of Ma could choose not to vote, to avoid possibly voting for the wrong, i.e. possibly corrupt, candidate. Nevertheless, Wu said that, given Hau's twenty-point lead in the polls, it was "hard to imagine" him losing the mayoral race.

Two More Hau Scandals on the Horizon

17. (C) Wu told AIT that he expects Hsieh's campaign to launch two more "scandal attacks" in the three weeks remaining before the election. Both are false, and both are likely to do little more than reinforce existing Green prejudices toward Hau. The first accusation is that Hau has an illegitimate child living in the United States. Wu said Hsieh campaign officials will claim to have a DNA test proving Hau's paternity. The second claim is that Hau profited from the Lafayette frigate kickback scandal, in which his father, former premier Hau Pei-tsun, was allegedly involved. Wu told AIT Hau's campaign is prepared to rebut both claims, and to return Hsieh's fire with reams and reams of evidence implicating Hsieh in the Kaohsiung-Taipei Railway Construction project corruption scandal. There is also the possibility that Soong, who as former Secretary General of the KMT, knows lots of secrets, could spring a last-minute bombshell, most likely involving the candidate's father.

Comment

17. (C) We have been hearing the same caveats on the Taipei

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mayoral election from many of our KMT interlocutors: 35-40 percent of Taipei voters are Greens who support Hsieh, Green turnout rate is higher than Blue, Soong could easily draw ten percent, and Hau has only lukewarm support from deep-Blues and light-Greens. We surmise that the KMT may be trying to create a sense of crisis in Taipei to motivate Blue voters to turn out for Hau. Ma's recent accounting scandal only adds greater urgency. Hau continues to hold a comfortable lead in the polls. Although Hsieh may reduce his sizeable margin on election day, all the breaks would have to go against Hau for him to lose.
YOUNG